

Internal Revenue Service

Department of the Treasury

District
Director

1100 Commerce St. Dallas, Texas 75244

Person to Contact

Telephone Number

Refer Reply to

Date

AUG 12 1993

• Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(4) of the Internal Revenue Code.

The data you submitted shows that you were organized in

Your purpose as stated is to exchange child care among families, to allow parents to accomplish activities such as work, education or socializing.

Section 501(c)(4) of the Internal Revenue Code provides exemption for:

"Civic Leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare..."

Section 1.501(c)(4)-1(a)(2)(i) of the Income Tax Regulations provides that:

"An organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. An organization embraced within this section is one which is operated primarily for the purpose of bringing about civic betterment and social improvements."

Section 1.501(c)(4)-1 of the regulations provides, in part, as follows:

"(a)(1) In General. A civic league or organization may be exempt as an organization described in section 501(c)(4) if -

(i) It is not organized or operated for profit; and

(ii) It is operated exclusively for the promotion of social welfare."

[REDACTED]

Revenue Ruling 73-349, 1973-2 Cumulative Bulletin, 179, concerns a nonprofit organization formed to purchase groceries for its members at the lowest possible prices on a cooperative basis. It received orders from its members and purchased the food in quantity. Each member pays for the cost of his food, and is assessed an equal monthly service charge.

The organization described in Revenue Ruling 73-349, is a private cooperative enterprise for the economic benefit or convenience of the members. It is not exempt from tax as a social welfare organization under section 501(c)(4) of the Code.

Your activities consist of a one time membership fee to join the cooperative, and the care of members children at no cost to them except for points which they can recupe by accepting the responsibility of babysitting with children of other families. All of this is done for the mutual benefit of the members of the cooperative.

On the basis of the information submitted, we conclude that you are not exempt from Federal income tax under section 501(c)(4) of the Internal Revenue Code. You are required to file Form 1120, Federal Income Tax Return for Corporations.

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 892 gives instructions for filing a protest.

If you do not file a protest with this office within 30 days of the date of this report or letter, this proposed determination will become final.

If you agree with these conclusions or do not wish to file a written protest, please sign and return Form 6018 in the enclosed self-addressed envelope as soon as possible. You should also file the enclosed Federal income tax return(s) within 30 days with the Chief, Employee Plan/Exempt Organization Division 1100 Commerce, Dallas, Texas 75242.

If you have any further questions, please contact the person whose name and telephone number are shown at the beginning of this letter.

Sincerely yours,

[REDACTED]
[REDACTED]
District Director

Enclosures
Publication 892
Form 6018
Form 1120